

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2258 - SB 2524**

February 9, 2016

**SUMMARY OF BILL:** Enacts the “2016 Police Support Act.” Effective July 1, 2016, allocates 50 percent of proceeds from the sale or renewal of personalized license plates and 20 percent of proceeds for the sale or renewal of all new specialty earmarked licenses to the Police Pay Supplement Fund created by Tenn. Code Ann. § 9-4-204.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$1,520,800/Police Pay Supplement Fund**

**Decrease State Revenue - \$1,520,800/Tennessee Arts Commission**

Assumptions:

- Pursuant to Tenn. Code Ann. § 55-4-214, all revenues produced from the sale or renewal of personalized plates and all revenues produced from the personalization of cultural, specialty earmarked, new specialty earmarked motor vehicle registration plates as authorized by Tenn. Code Ann. §§ 55-4-211 and 55-4-212, or renewals of such plates, after deducting the expense in designing, manufacturing, and marketing the plates, is allocated to the Tennessee Arts Commission.
- The Arts Commission received \$1,467,780 from the revenue produced by personalized plates in FY14-15. The proposed legislation reallocates 50 percent of such revenues to the Police Pay Supplement Fund.
- Effective July 1, 2016, the Arts Commission would receive \$733,890 ( $\$1,467,780 / 2$ ) and the Policy Pay Supplement Fund would receive the remaining \$733,890 ( $\$1,467,780 - \$733,890$ ).
- Pursuant to Tenn. Code Ann. § 55-4-215, the Tennessee Arts Commission receives 40 percent of all revenue produced from the sale or renewal of new specialty earmarked motor vehicle registration plates, as defined in Tenn. Code Ann. § 55-4-209, after deducting the expense to design, manufacture, and market the plates and, if applicable, disabled driver decals in accordance with Tenn. Code Ann. § 55-21-103(a)(6).
- In FY14-15, the Arts Commission received \$1,573,774 from the revenue produced by new specialty plates. The proposed legislation reallocates 50 percent of such revenues to the Police Pay Supplement Fund.

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- Effective July 1, 2016, the Arts Commission would receive \$786,887 (\$1,573,774 / 2) and the Police Pay Supplement Fund would receive the remaining \$786,887 (\$1,573,774 - \$786,887).
- There will be a shift of \$1,520,777 (\$733,890 + \$786,887) from the Tennessee Arts Commission to the Policy Pay Supplement Fund. This shift is estimated to remain constant in future years.
- The Arts Commission uses the revenue received from the sale or renewal of license plates to provide grants to schools, non-profits, and local governments. The decrease in revenue allocated to the Arts Commission will impact the amount of grants provided to local communities. Local revenues may be impacted as a result of the reduction in funding to the Arts Commission. Any such impact is dependent upon several unknown factors such as the amount of grants provided to schools, nonprofits, local governments, and communities. Any change in local revenue cannot be reasonably quantified.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/lsc